

COTTONWOOD GREEN ASSOCIATION
BOARD MEETING
July 27, 2023 7:00 PM

Attendees: Tim Donnelly-President, Sandy Baur-Vice President, Tom Mafera-Treasurer, Deb Mafera-Secretary, and Mike Lloyd, Margy Brown-members at large. Location: home of Sandy Baur.

Bylaws and Covenants

Attorney Stacy Murphy has draft updates to our bylaws, responsible governance policies, and declaration of covenants. Bylaws can be approved at an open meeting of the board of directors, bylaws do not need to be voted on by the members. The covenants need a 67% approval by the members, which is 34 households. We will attempt to get the covenants approved at the annual meeting. Sandy will work on getting proxy designations from members not attending. If there is not 67% of the vote at the annual meeting, it will be done via email.

Insurance

Tim and Tom discussed fidelity insurance, which is necessary according to our attorney. Our accounting firm, Walke & Associates, has coverage for errors and omissions, which may cover the need for fidelity insurance, Tim will contact our attorney to find out. Our liability insurance through American Family, went up in April 2023 from \$109/month to \$145/month. Tom is getting a quote from them to include fidelity insurance to protect the board members in case of board member fraud/theft. We will decide what to do once we hear from Stacey and get the quote from American Family Insurance.

Miscellaneous

Landscape design guidelines are still not finalized. Tim will contact our attorney as to the status.

Sandy brought up the fact that there is inconsistency in the pillar requirement for interior fences. The design committee did not require 203 Cottonwood Circle to have pillars in their fence along the common area. Other homeowners previously were required to do so.

There are several hornet nests in the large spruce trees in the common area. Tim bought and put out three traps.

Budget

Tom went over the draft 2024 budget. This budget will be voted on at the annual meeting, which will determine the yearly assessment for homeowners. Landscaping materials and tree/shrub replacement was increased from last year because shrubs need to be replaced in the roundabouts and at least one tree on the south end needs replacing. It may also be necessary to apply iron to the maple trees in the common areas. Several items on the 2024 budget were revised, including adding money for tree pruning, legal fees, and property tax. There will be a footnote on the budget explaining that there was money in the 2022 budget for legal fees that were not spent in that year, which is most of the reason for the large discrepancy of budgeted costs and actual expenditures for legal fees.

The DORA registration expires on July 31. Tom will talk to our accountant about getting that renewed.

The annual meeting will be held on September 23, 2023 at 10:00 AM at the Salida Library

Agenda items for the annual meeting:

- 1) 2024 Budget, vote needed by members
- 2) Increase in HOA assessments due to rising costs of maintenance, legal fees, and accounting fees
- 3) The need for a Reserve Assessment in 2024. The last one was done in 2018.
- 4) Watering of trees that were planted when the subdivision was created. If there are trees on a homeowner's property, they are responsible for watering, pruning and other maintenance. Homeowners should not tap into the HOA irrigation lines for their own use.
- 5) Secretary's term is expiring in 2023. Need to vote on a secretary. Deb is willing to continue for another term.

The meeting adjourned at 8:40 PM

Attachments:

- 1) 2024 proposed budget
- 2) Attorney responses to questions brought up at this meeting

Debra Mafera
Secretary

Draft 2024 Budget

	Budget 2023		Budget 2024
	<u>Budget 2023*</u>	<u>YTD 6/30/23</u>	
INCOME			
Assessments from Owners	\$ 22,500.00	\$ 22,275.00	\$ 22,500.00
Interest	10.00	8.36	15.00
Hospital Property Tax Refund			
Finance Charges/Late Fees	0.00	254.50	
TOTAL INCOME	22,510.00	22,537.86	22,515.00
EXPENSES			
Landscaping: Sean's Lawn Care	8,700.00	1,620.00	10,500.00
Property Maintenance - Labor	1,000.00	457.50	1,200.00
Property Maintenance - Materials	750.00	390.50	1,000.00
Common Area - Mulch & Dredge	0.00	0.00	0.00
Tree & Shrub Replacement	1,250.00	245.04	1,500.00
Tree Pruning	2,500.00	2,700.00	
Snow Removal: Sean's Lawn Service	2,000.00	740.00	2,400.00
Donation - Meeting Space	50.00	0.00	50.00
Insurance****	1,313.00	761.91	2,000.00
Legal Services**	1,500.00	4,952.50	
Accounting Services***	1,500.00	1,615.45	2,500.00
License & Permits	300.00	195.00	300.00
Property Tax	50.00	(122.05)	
Postage/Office Supplies	100.00	9.56	100.00
Common Area Electric	200.00	64.70	200.00
Common Area Water	4,000.00	607.68	4,000.00
Other	250.00	0.00	250.00
Reserve Assessment??? Anything Else?			
TOTAL EXPENSES	25,463.00	14,237.79	26,000.00
TOTAL NET INCOME	\$ (2,953.00)	\$ 8,300.07	\$ (3,485.00)

*Adopted 11/11/2022

From: Tim Donnelly _____
Sent: Friday, July 28, 2023 3:31 PM
To: Stacy Murphy; [Deb Mafera](#)
Subject: Cottonwood Green HOA

Stacy

Hello and hope you are doing well.

We had a board meeting last night, so I have the following questions:

- 1) When do you expect to have the final version of the bylaws & covenants sent to us? I should be able to get them to you by the end of next week.
- 2) Did you/we complete the updated version of the Landscape Design Guidelines, and if so can you send me the completed version? No, last I heard from you I had marked up the Guidelines with my thoughts/comments, you passed them along to the committee, and you said they had additional questions. I have not heard back.
- 3) Just to make sure, can the Board approve the increase in the HOA dues on its own?

Not exactly. The Board has to follow the procedure in CCIOA (which is also in the new Declaration of Covenants) to adopt a budget, which should be based on a good faith estimate of costs for maintenance, insurance, legal and accounting, capital reserves, etc., (this is also outlined in CCIOA and the Declaration). The owners vote on the budget, either at the annual meeting or a special meeting called for that purpose. The budget is adopted unless 67% ALL lots and units vote to veto it. The Annual Assessment is then based on the budget, divided equally among the lots and condo units in the subdivision.

- 4) We plan on emailing out the covenants to all the owners for their review & approval. In regards to attaining 67% approval of our updated covenants, can the owner's vote be attained by a returned email decision that says yes or no, or does their decision need to be in written form with their signature?

CCIOA and the CRNCA do not address this question directly as they are not updated to address specifically email voting (just mail). You can definitely vote by email, if you follow the legal procedures, but I think it is best practice to utilize a written ballot that is signed. This is what the statutes support.

You don't have to, but I recommend you use my services for that procedure. I have templates for a letter to the owners that includes all of the things required by CCIOA, as well as a form ballot. We have to follow CCIOA and the CRNCA in terms of voting by email.

I personally think you should either call a special meeting to discuss this in advance or have it on the agenda for the annual meeting or both. I also have a letter that can be distributed by email in advance explaining that this is coming and they should be watching their emails and checking junk folders, etc. You will get more participation if they are informed in advance.

5) In regards to attaining the Fidelity/indemnity insurance coverage, our CPA firm, Walke & Associates has E&O coverage or Errors & Omissions coverage, so could the E&O coverage replace the Fidelity coverage?

Yes, if it has coverage for that.

Below is the E&O insurance policy coverage that applies to theft/dishonesty:

Misappropriation, Theft or Embezzlement Sublimit: The maximum amount payable by the Company for Damages and Claim Expenses for any and all covered Claims which arise from, related to or are in any way connected with the misappropriation, misuse, theft or embezzlement of funds by any Insured shall be \$100,000.

The amount of coverage needs to be at least the amount set forth in the Bylaws (which derives from CCIOA) (copy of draft Bylaws attached). That amount is \$50,000 or two months annual assessments (the amount of all lots and units), plus reserves, whichever is greater.

Also would the additional risk for our HOA be that the CPA's E&O coverage would lapse or not be renewed, and then no coverage would exist?

You should request proof of insurance at least annually to avoid this issue.

6) The Covenants describe how to deal with various violations by the homeowners, so are we attaching a list of the various violations? The original covenants pages 14 to 21 included property use restrictions and maintenance obligations, so would these also be in the updated Covenants?

The Amended and Restated Declaration of Covenants (draft attached) imported all of the restrictions from your current Declaration of Covenants, with a few minor changes that were highlighted based on the Board members' requests/comments (fence language comes to mind). The Responsible Governance Policies (which are rules not voted on by the Members) (draft also attached) cover the notice/hearing/schedule of fines, etc.

Please call me with any questions.

Thank you